

Message Text

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PAGE 01 PARIS 25968 01 OF 02 091903Z

44

ACTION IO-10

INFO OCT-01 CIAE-00 CU-02 INR-07 NSAE-00 USIA-06 AF-06

ARA-06 EA-07 EUR-12 NEA-10 ISO-00 L-03 ABF-01 TRSE-00

OMB-01 SP-02 SS-15 NSC-05 H-02 IOE-00 /096 W

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P 071852Z OCT 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 3902

LIMITED OFFICIAL USE SECTION 01 OF 02 PARIS 25968

NESCO

C O R R E C T E D C O P Y (TEXT PARA 2.)

E. O. 11652: N/A

TAGS: OCON, AORG, PORG, UNESCO

SUBJECT: UNESCO 98TH EXBD: AGENDA ITEM 4.2: BUDGETARY
ISSUES OF 1977-78 PROGRAM AND BUDGET (19 C/5)

1. LATEST DEVELOPMENTS ON SUBJECT ITEM ARE THAT BOARD
PLENARY SESSION WILL CONSIDER NEW DRAFT RESOLUTION AT
OCTOBER 9 PLENARY BOARD SESSION TO REPLACE RESOLUTION
TEXT IN DOCUMENT 98 EX/DR/5 TO WHICH US, FRG, JAPAN
AND USSR TOOK STRONG EXCEPTION IN INITIAL PLENARY CON-
SIDERATION OCTOBER 3 AND 4.

2. 98 EX/DR/5 TEXT, AS DEPARTMENT AWARE, MOST NOTABLY
INCLUDED PROVISION FOR BOARD RECOMMENDATIONS NOW IN
FAVOR OF: (A) FULL-BUDGETING; (B) ESTABLISHMENT OF
\$500,000 RESERVE IN REGULAR BUDGET FOR DG'S USE TO MEET
SPECIAL APPEALS FOR ASSISTANCE; (C) CREATION OF PROGRAM
RESERVE -- UNDEFINED BUT OF POSSIBLY AS MUCH AS \$2
MILLION -- TO FINANCE ACTIVITIES THAT MIGHT BE PROPOSED
DURING GENERAL CONFERENCE IN ADDITION TO THOSE IN
DRAFT 19 C/5 DOCUMENT; (D) INCREASE IN WORKING CAPITAL
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PAGE 02 PARIS 25968 01 OF 02 091903Z

FUND TO AN UNDEFINED FIXED PERCENTAGE -- INCREASE TO

SEVEN PER CENT AND MORE WERE MENTIONED BY ADVOCATES --
OF THE BIENNIUM BUDGET; (E) FURTHER INCREASE IN SUP-
PLEMENTARY ESTIMATES EXBD AUTHORIZED TO MAKE (SOME
LDC'S AND FRANCE FAVORED INCREASE FROM PRESENT FIVE
PER CENT TO SEVEN PER CENT (FRANCE) OR UP TO TEN PER CENT)
(F) CREATION OF ANOTHER SPECIAL RESERVE FROM WHATEVER
BUDGETARY SURPLUSES OR MISCELLANEOUS INCOME UNESCO
REALIZES TO COUNTER IMPACT OF CURRENCY FLUCTUATION AND
(G) "NOTED WITH INTEREST" PROPOSAL FOR INDEXATION OF
CONTRIBUTIONS IN LIGHT CURRENCY FLUCTUATIONS AND
CREATION OF NEW UNESCO UNIT OF ACCOUNT.

3. STRONG OBJECTIONS OF US AND OTHER, BUT NOT ALL,
MAJOR DONORS HAVE APPARENTLY SERVED TO DISSUADE DG FROM
PRESSING FOR VOTE ON ALL OF ABOVE. NEW GLOBAL DRAFT
RESOLUTION TEXT ON 19 C/5 BEING PREPARED NOW AND LIKELY
TO ASK FOR BOARD DECISION ONLY ON FULL VERSUS SEMI-FULL
BUDGETING.

4. AMONG OTHER GENEVA GROUP MEMBERS ONLY FRG LIKELY
AND AUSTRALIA POSSIBLY MAY JOIN US IN VOTING AGAINST
FULL BUDGETING AS WE ASSUME DEPT. WILL SO INSTRUCT US.
SOVIETS AND BLOC BOARD MEMBERS (GDR, BULGARIA) MAY
ALSO VOTE AGAINST. JAPAN, INDIA, AND, LESS LIKELY, UK
MAY ABSTAIN.

5. AS PERMDEL INTERVENTION STRESSED, UNESCO CAN AL-
READY BE SAID TO BE AT VIRTUAL FULL BUDGETING STAGE DUE
ALREADY EXISTING DEVICES OF APPROPRIATION RESERVE AND
AUTHORIZATION TO MAKE SUPPLEMENTARY ESTIMATES OF UP TO
5 OF TOTAL APPROPRIATION APPROVED AT GENERAL CONFER-
ENCE.

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PAGE 01 PARIS 25968 02 OF 02 072325Z

73

ACTION IO-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 CU-02 INR-07 NSAE-00

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P 071852Z OCT 75

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TO SECSTATE WASHDC PRIORITY 3903

LIMITED OFFICIAL USE SECTION 2 OF 2 PARIS 25968

6. HOWEVER, PERMDEL WOULD RECOMMEND SERIOUS CONSIDERATION BY DEPARTMENT OF US ACCEPTING FULL-BUDGETING PROVIDED RPT PROVIDED THAT ALL OTHER CONTINGENCY RESERVES AND DEVICES AMOUNTING TO SAME THING BE ELIMINATED.

7. FROM VIEWPOINT OF SOME IN GENEVA GROUP, THE US IN ESSENCE HAS NO REAL NEGOTIATING LEVERAGE BECAUSE US HAS TRADITIONALLY REJECTED ALL PROPOSALS AS DISTINCT FROM HAVING FALL BACK POSITION OF REASONABLE COMMITMENT. FOR EXAMPLE, UK DEPUTY PERMREP ASSERTED TO DELOFF IN PRIVATE CONVERSATION THAT NET OUTCOME OF US HARD-LINE IS THAT UNESCO BUDGETS HAVE BEEN HIGHER THAN WHAT HAS BEEN OBTAINABLE IF THE US, INSTEAD OF SAYING NO TO ANY AND ALL PROPOSALS ENTAILING INCREASES, HAD BEEN ABLE TO TRADE ITS ACCEPTANCE OF REASONABLE PROPOSALS AGAINST ELIMINATION OF UNJUSTIFIABLE INCREASES.

8. PERMDEL FINDS CONSIDERABLE MERIT IN THESE ARGUMENTS; ESPECIALLY AS OTHER BIG DONORS HAVE CONSISTENTLY REFUSED TO ACCORD EITHER UNIFIED OR VOCAL SUPPORT NECESSARY FOR CURRENT US STANCE VIS-A-VIS UNESCO BUDGETS TO HAVE PRACTICAL EFFECT OF KEEPING BUDGETS DOWN.

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PAGE 02 PARIS 25968 02 OF 02 072325Z

9. PERMDEL WOULD SUGGEST THAT US TEMPER OPPOSITION TO FULL BUDGETING AND ANY OTHER PROPOSALS LIKELY TO BE INCLUDED IN NEW DR TO BE VOTED THURSDAY WITH EXPLANATION OF VOTE WHICH (A) REITERATES VIEW THAT OPPOSITION BASED ON BELIEF FULL BUDGETING ALREADY A VIRTUAL REALITY IN UNESCO AND (B) STATES THAT OUR STANCE MIGHT BE CHANGED IF, IN RETURN FOR ACCEPTANCE OF FULL BUDGETING, WE HAD IRON-CLAD ASSURANCE THAT NO OTHER CONTINGENCY RESERVES WOULD BE PROPOSED BY SECRETARIAT.

10. PLEASE ADVISE ASAP.
RUSH

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